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September 9, 2015

Via ECF

Hon. Sarah Netburn
United States Magistrate Judge
Southern District of New York
United States Courthouse
40 Foley Square
New York, NY 10007

Re: *GE Healthcare Bio-Sciences AB et al. v. Bio-Rad Laboratories, Inc.*, Case No. 1:14-CV-07080-LTS-SN

Dear Judge Netburn:

This is Bio-Rad Laboratories, Inc.'s ("Bio-Rad") letter-motion pursuant to Local Rule 37.2 and Your Honor's individual practices. Plaintiffs GE Healthcare Bio-Sciences AB, GE Healthcare Bio-Sciences Corporation, and General Electric Company (collectively, "GE" or "Plaintiffs") are unjustifiably withholding relevant discovery. The parties met and conferred via conference call on August 16, 2015 but have been unable to resolve the outstanding disputes summarized in this letter.

I. Bio-Rad's Requests for Admission ("RFAs")

Bio-Rad's RFA Nos. 4-12 ask Plaintiffs to admit or deny certain facts regarding the Applikon ADI 2040 machine, one of the key pieces of prior art in this case. This prior art has been extensively explored, including via deposition of third party Metrohm USA, Inc. ("Metrohm") on August 10, 2015. During this third-party discovery, Plaintiffs had an opportunity to request an inspection of a machine but failed to seek one. Despite all the information regarding the ADI 2040 machine available to the parties in this case, Plaintiffs have refused to admit or deny the substance of these RFAs, instead opting to deny them for lack of knowledge. Numerous cases hold that, under Federal Rule of Civil Procedure 36, such denials for lack of knowledge are inappropriate where the information is available to the responsive party and are grounds for the Court to deem the RFAs admitted. *See, e.g.*, *Asea, Inc. v. S. Pac. Transp. Co.*, 669 F.2d 1242, 1245-48 (9th Cir. 1981); *Doctors Medical Center of Modesto, Inc. v. Principal Life Insurance Co.*, No. 1:10-cv-452, 2011 WL 831421, at *7 (E.D. Cal. Mar. 3, 2011). In justifying their refusal to substantively respond, Plaintiffs relied only on *T. Rowe Price Small-Cap Fund, Inc. v. Oppenheimer & Co.*, 174 F.R.D. 38, 43-46 (S.D.N.Y. 1997)—a case in which the court held that a party need not subpoena third parties simply to respond to RFAs nor is a party required to admit or deny the substance of a third party's subjective beliefs—which is inapposite. Here, the information from which a response may be formulated is ***already*** available to Plaintiffs, and the RFAs do not ask Plaintiffs to admit or deny Metrohm's stated beliefs but ask instead to admit or deny concrete factual questions regarding the characteristics of Metrohm's machines and the dates those machines were sold in the United States. At minimum, Bio-Rad is entitled to know if Plaintiffs intend to contend that the ADI 2040 is not prior art because it was not sold in the United States prior to the critical date, despite all information to the contrary obtained from Metrohm. Responses to these RFAs are important because Bio-Rad must decide whether to seek further discovery on these issues, the costs of which would be shifted to Plaintiffs because of their refusal to respond.

II. Bio-Rad's Interrogatories

Bio-Rad's Interrogatory Nos. 2, 6, and 7 ask for identification of people with knowledge of the design and development of the instrument that led to the invention claimed by the patent-in-suit, Plaintiffs' market share in the Modular Protein Purification Systems market (which is the market defined by Bio-Rad's antitrust complaint), and facts relevant to the computation of damages. These are exactly the types of interrogatories allowed under the Local Rules, so that the requesting party can then use the identity of witnesses to seek further discovery. Plaintiffs refuse to provide the names of all responsive witnesses, instead claiming that identifying a single witness or a handful of witnesses of its choosing is sufficient. (Ex. A.) Plaintiffs' refusal to identify witnesses with knowledge of topics in response to Bio-Rad's interrogatories is not justified under any interpretation of the Federal or Local Rules. Plaintiffs' procedure would allow them and them only to decide who Bio-Rad gets to speak to regarding the facts of the case. This refusal to identify all persons with knowledge relevant to the case is improper. *See, e.g.*, *Oklahoma v. Tyson Foods, Inc.*, 262 F.R.D. 617, 627 (N.D. Okla. 2009).[1]

II. Bio-Rad's Requests for Production ("RFPs")

A. Documents Regarding Prior Art

Bio-Rad's RFP Nos. 19-35 ask for documents regarding prior art asserted by Bio-Rad in this case, including the Applikon ADI 2040 system, the ADI 2045, the Metrohm 850 Professional IC system, and the 872 Extension Module. These documents are relevant to Bio-Rad's invalidity and inequitable conduct defenses as well as its antitrust counterclaims. In response, Plaintiffs have agreed to produce only documents found "within the files of the inventors and prosecutors" of the patent-in-suit. However, if any of Plaintiffs' employees have documents relating to potentially invalidating prior art, those documents are relevant: for example, if Plaintiffs' employees think that a certain piece of prior art raises invalidity concerns, it would demonstrate bad-faith enforcement and support Bio-Rad's antitrust counterclaims; as another example, if Plaintiffs' employees have noted that having removable modules demonstrates interchangeability, that would undermine Plaintiffs' current arguments. A failure to conduct a fulsome search for responsive documents when such documents are in Plaintiffs' possession, custody, or control is unjustified. *See, e.g.*, *Peskoff v. Faber*, 244 F.R.D. 54, 62-63 (D.D.C. 2007) ("[I]t cannot be argued that a party should ever be relieved of its obligation to produce accessible data merely because it may take time and effort to find what is necessary." (quoting *Peskoff v. Faber*, 240 F.R.D. 26, 31 (D.D.C. 2007))); *see also* Fed. R. Civ. P. 26(b)(2)(B). Bio-Rad has not limited its document search and collection in this manner, and it is in the midst of searching and collecting documents from approximately fifty custodians.

B. Documents Relating to Bio-Rad's Acquisition of an AKTA Avant

At the preliminary injunction proceedings, Plaintiffs placed at issue Bio-Rad's acquisition of an AKTA avant system that Bio-Rad openly bought from Plaintiffs by insinuating that it amounts to some sort of evidence that Bio-Rad copied that system. (*E.g.*, Dkt. 94 at 6:17-7:11, 59:14-61:15.) Despite themselves placing the circumstances surrounding Bio-Rad's acquisition of an AKTA avant system at issue in this case, Plaintiffs are now refusing to produce documents relating to that acquisition. In particular, they have objected to and refused to produce documents responsive to RFP Nos. 51-52, which seek documents regarding the sale and subsequent servicing and maintenance of the AKTA avant acquired by Bio-Rad. Plaintiffs' employees involved in the servicing and maintenance of the GE machine would be able to state whether the machine ever appeared disassembled and in a state where it looked like it was being copied or reversed engineered.

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[1] For the reasons explained above as well as in Section III.B, Plaintiffs should also be ordered to respond to Interrogatory Nos. 9-11, which seek the names of witnesses with knowledge of Bio-Rad's acquisition and servicing of an AKTA avant.

Relatedly, Bio-Rad served another RFP, No. 14, that Plaintiffs refused to respond to. This RFP seeks documents relating to any acquisition by Plaintiffs of a Bio-Rad NGC machine and mirrors Plaintiffs' own RFP No. 41. Such a request seeks relevant documents since Plaintiffs' assertion that Bio-Rad's acquisition of an AKTA avant was suspicious would be undermined if GE itself engaged in a similar acquisition of an NGC machine.

C. Documents Relating to Damages

Plaintiffs are pursuing a lost profits theory of damages. To show lost profits, a patentee must satisfy a "but for" causation test, showing that "the sales would have been made 'but for' the infringement." *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1545 (Fed. Cir. 1995). In particular, "if the patent infringement had nothing to do with the lost sales, 'but for' causation would not have been proven." *Id.* at 1548. RFP Nos. 17-18 seek documents relating to some possible reasons—***other than the patented features***—why Plaintiffs might be losing sales to Bio-Rad. In particular, these RFPs seek documents regarding features of the Bio-Rad NGC system that Plaintiffs have copied or tried to emulate and documents regarding features of the NGC system Plaintiffs believe are superior to the corresponding feature in the AKTA pure and avant systems alleged to practice the invention. Documents evidencing such features would explain Plaintiffs' lost sales on a basis unrelated to the patent-in-suit. Accordingly, such documents are relevant to damages. Yet Plaintiffs maintain that such documents would be irrelevant to this case and have refused to produce any such documents.

Plaintiffs use similar reasoning in refusing to respond to RFP No. 40—which seeks documents sufficient to show customers they have lost since 2009 in the relevant market. Plaintiffs have not accused anyone other than Bio-Rad of infringing the patent-in-suit, but if they have been losing sales of the AKTA pure and avant to third parties, that information would be relevant to show that reasons apart from the patented invention are contributing to lost sales of those systems, thereby undermining Plaintiffs' lost profits theory. *See, e.g.*, *Micro Motion, Inc. v. Exac Corp.*, 761 F. Supp. 1420, 1427 (N.D. Cal. 1991).

RFP No. 37 seeks all documents supporting Plaintiffs' claims for damages. This RFP does not seek expert discovery, as Bio-Rad explained to Plaintiffs. Instead, it seeks only documents evidencing facts Plaintiffs might rely on to prove any claim for damages: for example, documents evidencing sales of the AKTA pure and avant allegedly lost to Bio-Rad's NGC machine or emails detailing accounts which are being lost to Bio-Rad. Such documents evidence facts and not expert conclusions.

RFP No. 43 seeks documents evidencing the price of each AKTA pure and avant system sold by Plaintiffs while RFP No. 44 seeks documents identify the reasons for any changes in price. These documents are relevant to Plaintiffs' asserted theory of lost profits. Similarly relevant to damages is RFP No. 42, which seeks documents regarding the reasons for any change in the profitability of the AKTA pure and avant systems since the introduction of Bio-Rad's NGC machine. Plaintiffs' position is that because these documents would be relevant to factors explaining Plaintiffs' lost profits unrelated to Bio-Rad, it would not produce them.

D. Documents Relevant Both to Damages and to Bio-Rad's Antitrust Counterclaims

Along similar lines is Plaintiffs' refusal to respond to RFP No. 36, which seeks documents regarding Plaintiffs' ability to set prices of the AKTA pure and avant. However, in addition to being relevant to lost profits in the form of price erosion, such documents would also be relevant to Bio-Rad's antitrust counterclaims. Plaintiffs' market power as a monopolist would be reflected in its ability to set prices. *See, e.g.*, *CDC Techs., Inc. v. IDEXX Labs., Inc.*, 186 F.3d 74, 81 (2d Cir. 1999) (defining "market power" as "the ability to raise price significantly above the competitive level without losing all of one's business").

E. Documents Regarding Original Equipment Manufacturers ("OEMs")

Each module in a complex machine such as the chromatography systems produced by Plaintiffs and by Bio-Rad is often manufactured by a third party, known as an OEM. Documents relating to OEMs are relevant to invalidity in this case. For example, if Plaintiffs disclosed features of the patented invention to third parties such as OEMs, such disclosure could invalidate the patent-in-suit under the "public use or on sale" bar of pre-America Invents Act 35 U.S.C. § 102(b). Admittedly, for such disclosure to be invalidating, it must be made without expectation of confidentiality. Accordingly, Bio-Rad proposed during the parties' meet and confer that Plaintiffs respond to the identification interrogatory on the issue (No. 8, seeking the identity of OEMs for the AKTA pure and avant) and to only one out of the three OEM-related RFPs (No. 47, seeking non-disclosure agreements Plaintiffs entered into with those OEMs). Plaintiffs never got back to Bio-Rad on whether this compromise, which would enable Plaintiffs to demonstrate that the OEM-related design documents and contracts sought by RFP Nos. 45-46 have no potential relevance, was acceptable. Accordingly, Bio-Rad has been left with no choice but to raise this dispute with the Court.

F. Documents Relevant to Plaintiffs' Claim of Copyright Infringement

In response to RFP No. 50, which seeks "documents relating to the portion of the works covered by" Plaintiffs' certificate of registration for the copyright they allege Bio-Rad infringes, Plaintiffs only agreed to produce the copyright application submitted to the Copyright Office to obtain the certificate of registration. But this RFP seeks more than that. Plaintiffs objected to producing documents related to their copyrighted software, called UNICORN, as unduly broad. However, this RFP is drafted to allow Plaintiffs themselves to decide the scope of what is responsive, as Plaintiffs need only produce documents related to the portions of the UNICORN software that Plaintiffs assert Bio-Rad infringes. In particular, to the extent Plaintiffs do not contend that Bio-Rad copied source code or functional elements (about which Plaintiffs expressed concern during the parties' meet and confer), documents related to those aspects of the software are not responsive and need not be produced. However, to the extent Plaintiffs seek to assert additional copyright infringement theories not already set out in the complaint, documents relating to those features of the software are responsive and should be produced. At a minimum, documents related to the design of the Method Editor GUI and the creation of the chromatography column names and characteristics, the two features of the UNICORN software that Plaintiffs allege in their complaint were copied by Bio-Rad, should be produced.

G. Documents Regarding Prior Art Not Explicitly Addressed by Bio-Rad's RFPs

Bio-Rad served two RFPs, Nos. 53-54, meant as catch-all RFPs for prior art (documents showing or discussing "an automated liquid handling system that has a housing that can accommodate two interchangeable modules" and "that electronics should be separated from fluidics in an automated liquid handling system"). Plaintiffs objected to these two RFPs as overbroad, reading them to cover the whole case, but Bio-Rad clarified that they are targeted only to prior art not already at issue in this case. To the extent Plaintiffs have documents outlining prior art systems containing either of the two features outlined in these RFPs, such documents are relevant to invalidity, both for anticipation and for obviousness. Despite Bio-Rad's clarification, Plaintiffs did not agree to supplement their response to these RFPs.

III. Plaintiffs' Assertions of Privilege

Plaintiffs have been making unjustified assertions of privilege dating back to their preliminary injunction–related production of documents, as Bio-Rad first raised with Plaintiffs by phone call on May 12, 2015 and as memorialized in a letter dated May 18, 2015. Despite this Court's Local Rule 26.2, which requires a privilege log justifying any assertions of privilege resulting in responsive documents being withheld, Plaintiffs took the position—without citation to any authority—that no privilege log was required even for documents prepared before the filing of the complaint.[2] Nearly a year has passed and Plaintiffs have yet to produce a privilege log, despite repeated requests by Bio-Rad. This sustained failure to justify privilege assertions amounts to a waiver of privilege. *See, e.g., FG Hemisphere Assocs., L.L.C. v. Republique du Congo*, No. 01 Civ. 8700, 2005 WL 545218, at *5-6 (S.D.N.Y. Mar. 8, 2005). Accordingly, Bio-Rad respectfully requests that the Court compel Plaintiffs to produce all responsive materials withheld on the basis of privilege for failure to timely serve a privilege log.

IV. Conclusion

Federal Rule of Civil Procedure 26(b)(1) makes discoverable information that "appears reasonably calculated to lead to the discovery of admissible evidence." Whether the information sought is itself admissible is not the standard. Under the proper standard and for the reasons stated in this letter, Bio-Rad requests a Local Rule 37.2 conference and an order compelling the discovery outlined above.

Sincerely,

/s/ Felipe Corredor
Felipe Corredor

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[2] Plaintiffs take a very similar position in refusing to log documents responsive to Bio-Rad's RFP No. 48—which seeks documents regarding whether to register the UNICORN software for copyright—but withheld on the basis of privilege despite such documents pre-dating Plaintiffs' filing of the complaint. Logging privileged documents responsive to this RFP is appropriate. *See, e.g., Advanced Visual Image Design, LLC v. Exist, Inc.*, No. 14-2525, 2015 WL 4934178, at *5-6 (C.D. Cal. Aug. 18, 2015).